

Message Text

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TAGS: ETRD, MX

SUBJECT: NEW MEXICAN TRADE REGULATIONS

REF: A) 77 MEXICO 16346, B) USDOC 00156

1. SUMMARY. A NUMBER OF CHANGES IN MEXICAN TRADE REGULATIONS WERE MADE OFFICIAL ON DECEMBER 29. NEW TARIFFS AND OFFICIAL PRICES WERE SET FOR A WIDE RANGE OF PRODUCTS; AND IMPORT LICENSE REQUIREMENTS WERE DROPPED FOR SOME, RETAINED FOR OTHERS, AND ADDED FOR THE FREE-TRADE ZONES. END SUMMARY.

2. THIRTY SEPARATE DECREES AND AGREEMENTS WERE PUBLISHED IN THE DIARIO OFICIAL OF DECEMBER 29 DETAILING CHANGES IN MEXICO'S IMPORT REGIME. NEW DUTY RATES WERE SET FOR 1,681 TARIFF NUMBERS AND NEW OFFICIAL PRICES FOR 1,623. THE IMPORT LICENSE REQUIREMENT WAS DROPPED FOR 1,920 TARIFF NUMBERS, SO THAT CURRENTLY ONLY ABOUT HALF OF THE PRODUCT CATEGORIES REQUIRE IMPORT LICENSES, AS 1,225 PRODUCTS WERE LIBERATED IN DECEMBER 1976 AND 472 IN APRIL 1977. THE RANGE OF NEWLY-FREED PRODUCTS IS WIDE, AS INDICATED BY THE FOLLOWING EXAMPLES: SALMON, SOME FATTY ALCOHOLS, MARINE DIESEL ENGINES, DRY CLEANING EQUIPMENT, AGRICULTURAL COMBINES, UNCLASSIFIED

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SOME METAL-WORKING EQUIPMENT, THERMOSTATES, AND PHONOGRAPH NEEDLES. IMPORT LICENSES WILL BE REQUIRED FOR THE FREE-TRADE ZONES OF BAJA CALIFORNIA AND PART OF SONORA FOR SOME FOOD PRODUCTS, CONSUMER GOODS, CHEMICALS, TRANSPORTATION EQUIPMENT, ETC. IMPORT LICENSES FOR THE REST OF MEXICO WOULD STILL BE REQUIRED FOR PRODUCTS SUCH AS PETROLEUM PRODUCTS, MANY FINE CHEMICALS, PLASTIC PIPE

FOR IRRIGATION, TRACTORS, AND TAPE RECORDERS. EXPORT LICENSES WERE CANCELLED FOR 40 PRODUCT CLASSIFICATIONS, CHIEFLY MINERAL PRODUCTS.

3. IN PRESS RELEASES ON THE NEW IMPORT REQUIREMENTS, THE SECRETARIAT OF COMMERCE STRESSED THAT DOMESTIC INDUSTRY CANNOT LOSE ITS ACCUSTOMED PROTECTION OVERNIGHT, SO EVEN THOUGH MANY IMPORT LICENSE REQUIREMENTS ARE DROPPED, NEW DUTY RATES ARE HIGH ENOUGH TO PROVIDE ADEQUATE PROTECTION.

4. MEXICAN COMPANIES, INDIVIDUALLY AND THROUGH THEIR ASSOCIATIONS, HAVE PRESSED THE GOM FOR HIGH DUTY RATES ON COMPETING IMPORTS. MOST NEW RATES SEEM TO FALL IN THE 25 TO 75 PERCENT RANGE. THE MANAGER OF A PETROCHEMICAL COMPANY, CONCERNED WITH POSSIBLE DUMPING FROM EUROPEAN PRODUCERS, DECLARED HIMSELF SATISFIED WITH A 80-PERCENT DUTY ON HIS PRODUCT. MOST CONSUMER GOODS ARE SUBJECT TO 100-PERCENT DUTY. DUTIES ON SOME PRODUCTS NOT MANUFACTURED IN MEXICO HAVE BEEN INCREASED, AS WAS THE CASE FOR HEART VALVES FOR WHICH THE DUTY WENT FROM 10 TO 15 PERCENT.

5. A MEDICAL EQUIPMENT DISTRIBUTOR, MANY OF WHOSE PRODUCTS HAVE NOT REQUIRED IMPORT LICENSES SINCE THE APRIL LIST, COMMENTED THAT HE WAS GLAD NOT TO HAVE ALL THE PAPERWORK AND DELAY, BUT THAT HIS PRIVATE-SECTOR UNCLASSIFIED

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CUSTOMERS WERE HAVING TO CUT BACK PURCHASES AS THE PRICE FOR IMPORTED GOODS IS NOW HIGHER.

6. COPIES OF THE DECEMBER 29 DIARIO OFICIAL WERE IN SUCH SHORT SUPPLY THAT A WEEK LATER, MANY CONCERNED OFFICES OF THE SECRETARIAT OF COMMERCE, CUSTOMS BROKERS, IMPORTERS-EXPORTERS, AND THIS EMBASSY, WERE STILL WITHOUT COPIES. AS MOST PROVISIONS WERE SCHEDULED TO TAKE EFFECT ON JANUARY 1, THERE WAS CONSIDERABLE CONFUSION IN CUSTOMS OFFICES, ACCORDING TO AN OFFICIAL OF CAAREM, THE MEXICAN CUSTOMS BROKERS' ASSOCIATION. MOST OBSERVERS PREDICT THAT IT WILL TAKE MONTHS TO ASSESS THE IMPACT OF THE NEW REGULATIONS. TO FIND OUT IF A PARTICULAR PRODUCT IS NOW AFFECTED, ONE WOULD HAVE TO CORRELATE SEVERAL DIFFERENT LISTS PUBLISHED NOT ONLY ON DECEMBER 29 BUT THE CORRECTIONS PUBLISHED JANUARY 5 AND 10.

7. ADDITIONAL LISTS DROPPING IMPORT LICENSES FOR AGRICULTURAL, CONSTRUCTION, AND MINING EQUIPMENT ARE CURRENTLY BEING DEBATED AND MAY BE PUBLISHED IN THE NEXT FEW MONTHS.

8. COMMENT. THIS IS THE MOST SIGNIFICANT QUANTITATIVE STEP SO FAR BY THE GOM TO IMPLEMENT ITS AVOWED INTENTION OF SWITCHING TO AN IMPORT SYSTEM BASED ON TARIFFS RATHER THAN QUOTAS. HOWEVER, PRELIMINARY EXAMINATION OF THE NEW DUTY RATES AND THE SCHEDULE OF OFFICIAL PRICES INDICATE THAT MEXICO, WHILE BRINGING ITS IMPORT SYSTEM MORE IN HARMONY WITH THOSE OF MAJOR TRADING NATIONS, IS STILL A LONG WAY FROM SIGNIFICANTLY REDUCING THE LEVEL OF PROTECTION WHICH THE SYSTEM AFFORDS. FURTHER INFORMATION WILL BE REPORTED AS AVAILABLE.

9. COPY OF DEC.29 DIARIO OFICIAL POUCHED PER REF B.
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